Project Tracking No.: P-009-FY03-ITD

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: 7/13/2001

Agency Name: Department of Management

Project Name: Enterprise Resource Planning (ERP)

Expenditure Name: ERP

Agency Manager: Cynthia Eisenhauer

Agency Manager Phone Number / E-mail: 281-3139/ cynthia.eisenhauer@idom.state.ia.us

Executive Sponsor (Agency Director or Designee): Cynthia Eisenhauer

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Does this project or expenditure meet a health, safety or security requirement?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: ERP converges with the Governor's Accountable Government Act to form powerful new business systems that will serve internal and external customers with greater speed, accuracy and efficiency using modern, compatible, flexible systems.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: See attachment 1 - proposal summary, item 1.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: See attachment 2 - proposal summary, item 2

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: See attachment 3 - proposal summary, item 3

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response:

a. This project will require a very high level of project management skills in order to work with all departments with all the modules that will be implemented as a result of the ERP initiative. This will be a full time job for the duration of the 5-year project.

b. Many of the departments involved with the administration of the ERP system have skills for implementation of smaller projects, but it will be very important to have top project management skills to make this successful.

c. No experience on a project of this magnitude in any departmental staff. Do we have staff that commit fulltime to this project?

d. This project will require a very high level of organization throughout State government. Cooperation among all departments will be imperative, with emphasis on the administrative departments that run the processes under the ERP umbrella. The project leader responsibilites will be a full time job for the duration of the 5 year project. There are staff available in these departments with the skills needed for this project, but with the complexity and size of this project - even with all of the departments involved, we probably need to have additional staff involved.

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response:

a. The ERP project is a 5-year phased approach to implementing the modules. A planning project was completed in August of 2000 which suggests the implementation strategy for ERP.

b. See attachment 4, project plan, item 2. Since this plan was prepared out of a "planning project" staff has been getting "ERP education", preparing requirements that the State of Iowa would have in an ERP system, and working small preliminary items in order to keep working towards our goal.

2. Expectations: Describe the primary purpose or reason for the project.

Response: An ERP system is a software system that enables an organization to manage theeffective and efficient use of its resources. Among the most important attributes of ERP are its ability to: Automate and integrate the majority of the State's administrative processes, Share common data and practices across the entire enterprise, Produce and access information in a real-time environment.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response: The project team is working to develop a plan that would capture hard and soft savings in the different modules. Attachment 2 - proposal summary, item 2 shows the tangible and intangible benefits expected.

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: ERP will be enterprise wide. The vision is to include all of state government at the minimum in the datat warehouse portion. Some portions of the system can be easily extended to counties, cities and other government entities. Vendors doing business with the State of Iowa will be involved in the purchasing/eProcurement area. Citizens will have better access to State Government.

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: If an ERP system isn't implemented the State of Iowa will continue with old systems that don't integrate well. Some of the data to make state government run efficiently will not be available or will be hard to get. Staff time savings and dollar savings from implementing some of the modules won't be achieved. The overall ability for the State of Iowa to meet the Accountable Government initiative and to respond quickly to citizen needs will be hindered.

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: Security is a very important part of this project. There will be web access and there are many different types of data and processes provided as a part of this system. When defining requirements needed from the software purchased , we have taken great care in making sure there is security as many different levels, by business process, and by the job you are performing.

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: See attachment 6, project plan item 4.

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response: a. See attachment 5 - project plan item 3.
b. see attachment 5 - project plan item 3.
c. see attachment 5 - project plan item 3.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response: a. See attachment 5 - project plan item 3.
b. see attachment 5 - project plan item 3.
c. see attachment 5 - project plan item 3.
d. see attachment 5 - project plan item 3.
e. see attachment 5 - project plan item 3.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response: a. Application software is focused on applications that are integrated throughout the entire ERP system with shared databases. Web access and update are mandatory items. Electronic rather than paper is also a focus where possible.
b. No specific operating system software is required other than something that will support the application needs in item a.
c. The external interfaces that are in existence today would still be needed - but automating any that you could would be a benefit. See attachment 5 -project plan item 3 for specifics.
d. Attachment 6 - project plan item 4 has some general items that are needed in the new ERP system.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

f. General parameters if specific parameters are unknown or to be determined

Response: a. Web access is a must. When RFP's are being evaluated, we will have the technical staff review to ensure that it will fit in the State enterprise architecture.
b. ITD would house the equipment, so when RFP responses are received, ITD will be reviewing to make sure that the proposed system will fit into our future plans.
c. No specific needs identified - will review RFP responses for the best fit.
d. No specific needs identified - will review RFP responses for the best fit.
e. Same as current systems - see attachment 5 - project plan item 3 for specifics.

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: Data elements would be determined by requirements of our current process and the proposed software.

SECTION IV: Financial Analysis

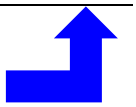
A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$1000000	10	100%	$100000	100%	$200000
Software	$1825000	10	100%	$500000	100%	$682,500
Hardware	$912500	3	100%	$	%	$304167
Training	$912500	10	100%	$25000	100%	$116250
Facilities	$	1	%	$	%	$
Professional Services	$3650000	10	100%	$	%	$365000
ITD Services	$624000	10	100%	$100000	100%	$162400

Supplies, Maint, etc.	$	1	%	$	%	$
Other (Specify)	$	1	%	$	%	$
Totals	$8924000	-------	-------	$725000	------	$1830317

Transfer this amount to the ROI Financial Worksheet, item “D” on page 12.



B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - ☒ A Pooled Technology Fund or Reengineering Fund Request
   - ☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$	%	$	%	$	%
Pooled Tech. Fund	$8924000	100%	$10480000	100%	$4065000	100%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$8924000	100%	$10480000	100%	$4065000	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: N/A

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: N/A

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: $725000, See Section IVA

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: See #3 below.

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: See #3 below.

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: Total benefit (per ERP Planning Project) = $15,000,000 x 67% estimated benefit (per ITD) = $10,000,000.

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: N/A

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: N/A

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $10,000,000

7. Total Annual Prorated Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response:	$1,830,317

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response:	$10,000,000 / $1,830,317 = 5.5

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response:	($10,000,000 - $1,830,317) / $8,924,000 = 92%

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response:	see attachment 7- project plan ROI- benefits

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$10000000
Annual Benefit Summary	
State Government Benefit:	$10000000
Citizen Benefit:	$
Opportunity Value or Risk/Loss Avoidance Benefit:	$
C. Total Annual Project Benefit:	$10000000
D. Annual Prorated Cost (SECTION IV-A):	$1830317
Benefit / Cost Ratio: (C / D) =	5.5
Return On Investment (ROI): (C – D) / Requested Project Funds) x 100 =	92**%**
☒ **Benefits Not Readily Quantifiable**	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**

Attachment 1 – Proposal summary item 1

ERP Migration Initiative (Section I)

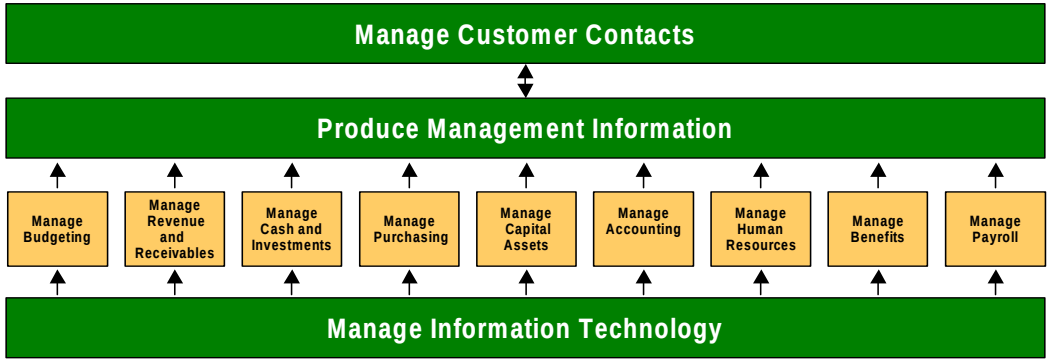
What we were asked to do:

The high-level administrative processes included in this project were: Human Resources, Benefits, Payroll, Budgeting, Accounting, Purchasing, Capital Assets, Information Technology, Revenue and Receivables, Cash and Investments, Management Information and Customer Contacts.

This study was a high-level analysis of the enterprise-wide systems (accounting, budgeting, human resources/payroll, and purchasing) managed by the administrative state agencies (Revenue and Finance, Management, Personnel, General Services). The study also included an analysis of the Capital Assets and Customer Relationship Management processes and systems. The study did not include any analysis of independent systems or related subsystems operated separately by individual state agencies.

ERP Migration Initiative (Section I)

What is or could be ERP for the State of Iowa?



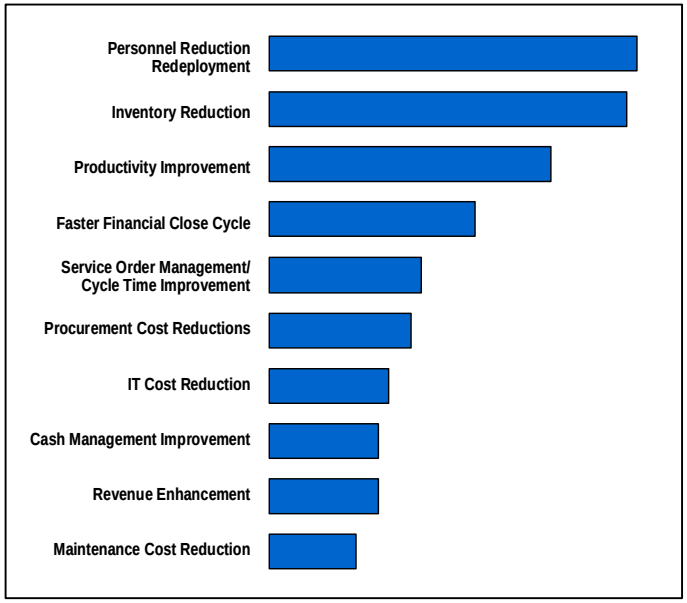
- **An Enterprise Resource Planning System is a software system that enables an organization to manage the effective and efficient use of its resources. Among the most important attributes of ERP are its ability to:**
  - Automate and integrate the majority of the State's administrative processes listed in the above chart.
  - Share common data and practices across the entire enterprise.
  - Produce and access information in a real-time environment.

Attachment 2 – Proposal summary item 2

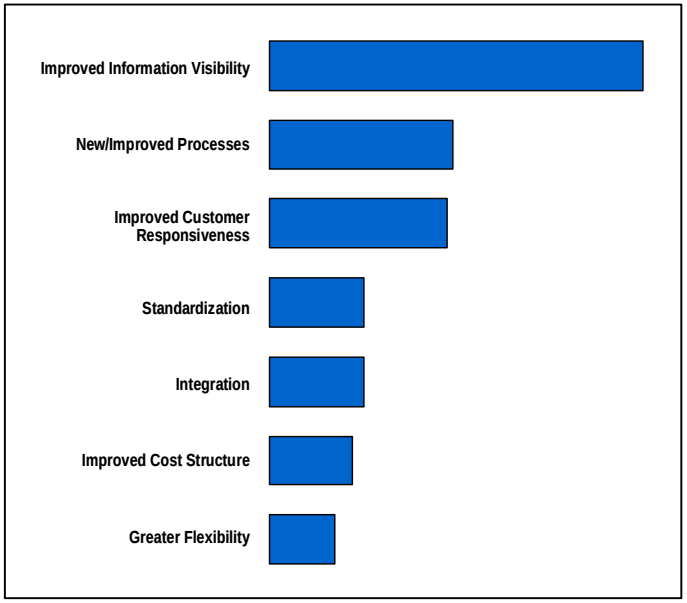
ERP Migration Initiative (Section I)

A study conducted by Deloitte Consulting has shown the following benefits realized from ERP initiatives. The benefits that were typically realized in our study are consistent with the expected benefits for the State of Iowa as listed in the ERP Migration Plan.

Tangible Benefits Realized*



Intangible Benefits Realized*



* The widest bars in the graphs above indicate benefits realized on most ERP initiatives. The narrowest bars indicate benefits derived on several ERP initiatives.

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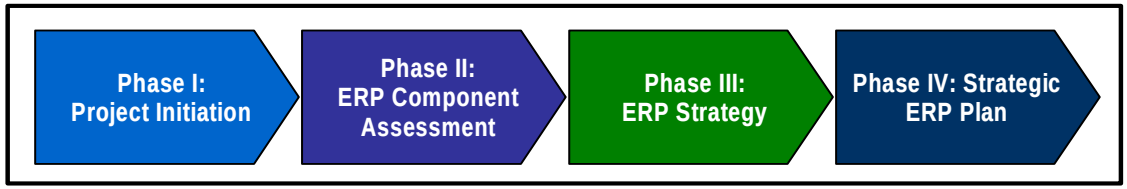
Attachment 3 – Proposal summary item 3

Project Approach (Section II-A)

The high-level administrative processes included in this project were: Human Resources, Benefits, Payroll, Budgeting, Accounting, Purchasing, Capital Assets, Information Technology, Revenue and Receivables, Cash and Investments, Management Information and Customer Contacts.

This study was a high-level analysis of the enterprise-wide systems (accounting, budgeting, human resources/payroll, and purchasing) managed by the administrative state agencies (Revenue and Finance, Management, Personnel, General Services). The study also included an analysis of the Capital Assets and Customer Relationship Management processes and systems. The study did not include any analysis of independent systems or related subsystems operated separately by individual state agencies.

To facilitate the ERP initiative Deloitte & Touche applied their Strategic Information Systems Planning (SISP) methodology. The methodology consists of four major phases as shown in the graphic below and was tailored to meet the specific needs of the state. For detailed information regarding the four phases shown below please refer to the Project Kickoff document in the appendices of this report.



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Process Model (Section II-C)

What is a Process?

- **A "process" is defined as a series of activities that add value to a stakeholder.**
  - Examples of stakeholders for the State are employees, citizens, vendors, the governor and legislators.
  - All processes have inputs and outputs.
  - Processes typically cross departmental boundaries and therefore, have no natural owners.
  - Technology serves as a tool to enable processes.
  - All processes should be evaluated using key performance indicators to measure their effectiveness.

ERP Migration Initiative (Section I)

Migration to a true ERP environment allows organizations to significantly improve the delivery of services and reduce costs. These benefits stem from more efficient administrative processes, better information, and economies of scale. The characteristics of an ERP environment that generate these improvements include:

- **Full data integration**
- **Easier and faster access to better and more complete information**
- **Streamlined/automated cross-agency processes**
- **Technology related economies of scale (e.g., training, application support, technology standards, hardware)**
- **Business related economies of scale (e.g., state-wide purchasing)**

Attachment 4 – Project plan item 2

ERP Migration Initiative (Section I)

Overall recommendation:

Make a gradual, coordinated move to an ERP environment over the next five years as defined in the ERP Migration Plan Slide on page 22. The path presumes a one vendor solution as much as practical, given functionality and cost considerations, to maximize integration and minimize ongoing training, maintenance and support activities. The benefits of making this migration versus staying where you are today are significant for both administrative processes and for enhanced constituent services and are described earlier in this executive summary and in the full report. The migration will require significant executive support, adequate funding, and an agency to take a coordinating lead role with each agency responsible for key projects in their defined areas. The migration will require a focused, effective change management, communication and training initiative to institute the significant changes expected by this migration. The changes that need to take place to obtain the most significant benefits of an ERP environment will mainly focus on both standardizing and streamlining processes as well as data collection, storage and use.

Summarized Suggested Key Immediate Steps — Fall of 2000:	Responsible Agency:
■ Define the selection criteria for new enterprise applications.	All "Sponsoring" Agencies
■ Clarify any known exceptions to the process and how those exceptions will be treated	All "Sponsoring" Agencies
■ Determine the Funding Request and Approach for the entire ERP Migration Plan	All "Sponsoring" Agencies
■ Begin the Budget System Selection in September, 2000 followed by a Budget System Pilot Project	DOM
■ Institute a Full Roll-out and Training on the Business Objects Reporting Tool	ITD
■ Gather RFP Needs Assessment Information for the Human Resources, Benefits System and Payroll system.	IDOP/DRF
■ Gather RFP Needs Assessment Information for the e-Procurement System	DGS
■ Prepare for full Roll-out of AMS Fixed Asset Inventory Module	DGS
■ Begin Process Optimization Projects for the IFAS System	DRF
■ Conduct an e-Strategy Project to define the e-plan for Iowa	ITD

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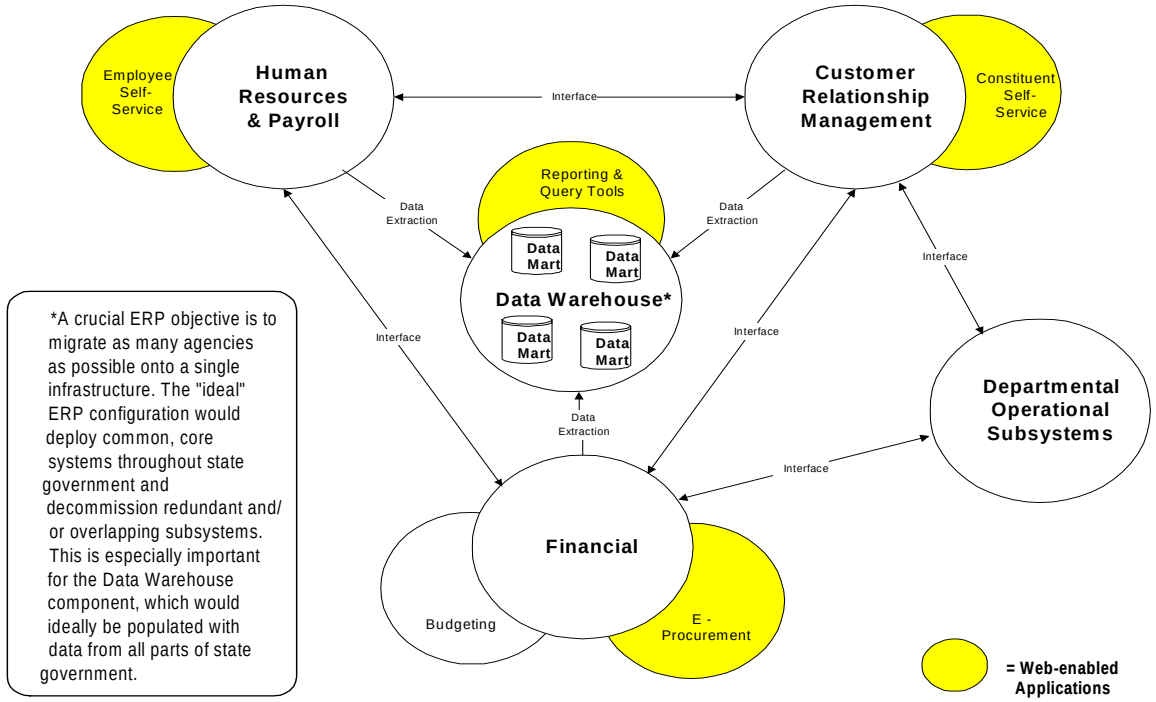
Attachment 4 – Project plan item 2

Strategic ERP Architecture – "To-Be" (Section III-C)

"To-Be" ERP Application Infrastructure



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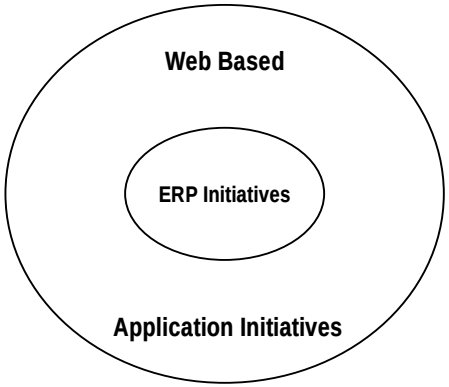
Strategic ERP Initiatives (Section III-B)



- **The core or backbone of the State's ERP technology and related processes needs to be solidified to provide the proper base for e-applications to connect to and be launched from, on a go forward basis.**
  - As an example, one of thirteen key "lessons learned" from a global study that included the United States titled, "Information Age Government Benchmarking Electronic Service Delivery" published in July of 2000, by the United Kingdom's Central IT Unit is:

"Successful front-line ESD (electronic service delivery) applications depend upon robust and reliable 'back-office' capabilities" (ERP)

  - An additional example, from the U.S. META Group study from July of 2000 titled, "E-Government: Creating Digital Democracy", is a listing of the most significant obstacles to the implementation of E-Government, one of which is:

"Ability to make and receive payments" (ERP)

Strategic ERP Initiatives (Section III-B)

- **The following ERP Strategic Initiatives were derived from our focus group sessions, one-on-one interviews and review of documentation provided by the State of Iowa. These ERP Strategic Initiatives will drive the State's move to and use of, an ERP system:**
  - **Develop an ERP Migration Plan —** This initiative will serve as a guide for the State of Iowa to follow in moving from their current distributed, legacy systems to an enterprise-wide, integrated set of applications. This initiative will also lay the groundwork for many of the following initiatives.
  - **One Vendor ERP Approach —** This initiative defines the desire to optimize the integration of systems and ongoing maintenance and support by staying with one vendor as much as practical given functional and cost considerations as each ERP component is selected.
  - **Achieve Data Integration —** This initiative sets the stage for the integration of the main ERP components in the various state agencies. The initiative provides for the reduction of duplicate data entry, improvement of data integrity, accuracy and consistency and the timely delivery of information.
  - **"100% "e" by 2003" —** The State should continue its various e-government initiatives, focusing on publishing information, providing inquiry capabilities to stakeholders where appropriate and conducting electronic transactions to streamline various processes. This initiative primarily relates to the Manage Customer Contacts component of the State of Iowa ERP model.
  - **Establish a Self-Service Environment —** Successful implementation of this initiative means that citizens, employees, visitors, vendors and other government agencies will be able to obtain, goods, services, information, permits and licenses online, 24 hours a day, 7 days a week.
  - **Enable Information Users —** This initiative describes the progression towards enabling users by providing the appropriate information tools (i.e., email, ad hoc report writing tools and shared files). This initiative also entails providing the appropriate training to the State's information stakeholders (internal and external).
  - **Apply a "Technology Refreshment" Concept —** This initiative defines the process of upgrading and/or replacing information systems (both software and hardware) as they become marginally productive with more modern and capable systems.
  - **Maintain Appropriate Data Security Levels —** This initiative will entail making sure that each ERP related activity will establish and maintain the appropriate levels of confidentiality related to sensitive data.

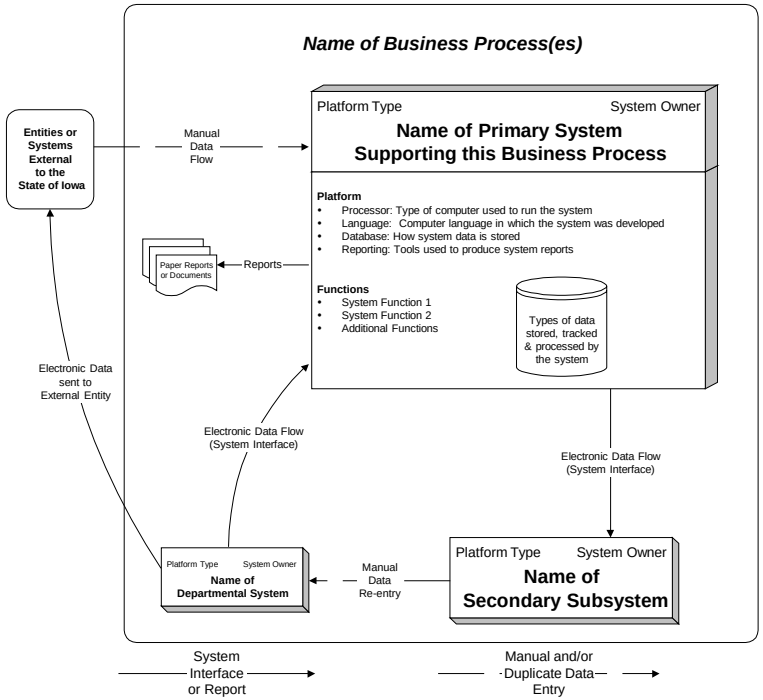
ERP Information and Application Architectures ("As-Is")
(Section II-D)

The following Application Infrastructure diagrams are meant to illustrate the major computer systems and information flows used to support business processes at the State of Iowa.

Each diagram depicts the infrastructure for one or more processes. Processes are typically supported by a primary core system as well as numerous subsystems and departmental systems. These systems are shown as 3D boxes listing the name, platform, and departmental owner for each. The core process systems also list additional platform, functionality, and data model details.

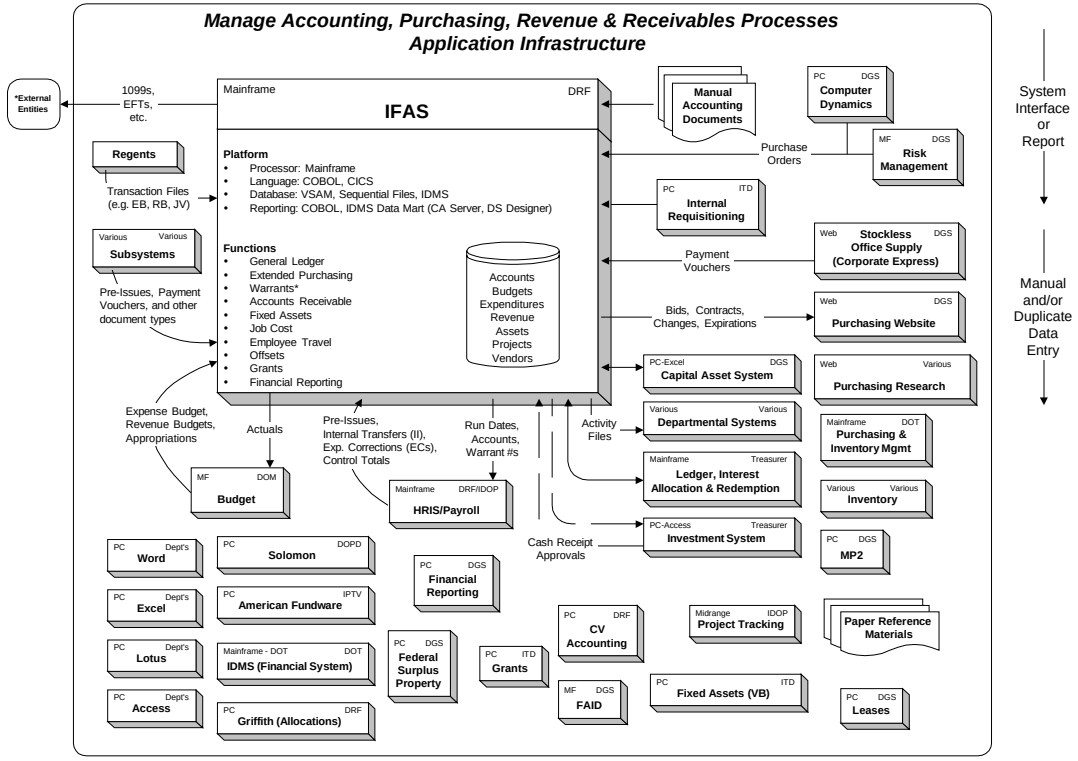
Entities external to the State of Iowa are shown as rectangles with rounded corners lying outside the process boundary.

Electronic information flows are shown as solid lines, manual flows as dotted.



ERP Information and Application Architectures ("As-Is")

(Section II-D)



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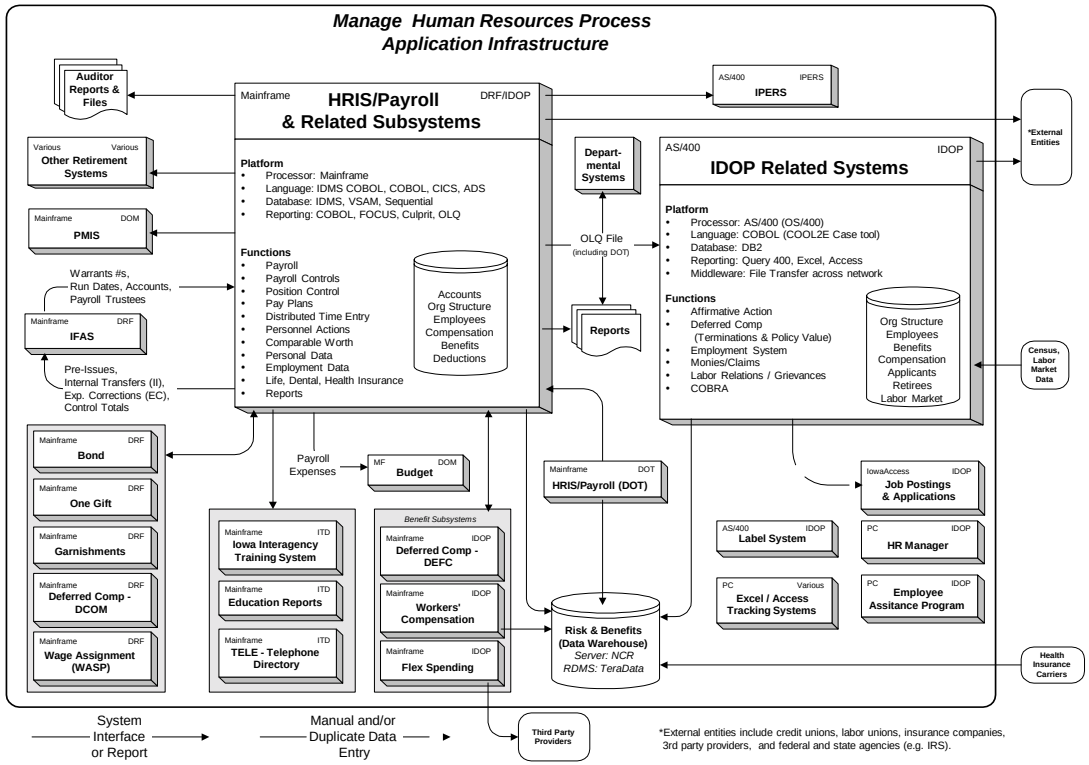
ERP Information and Application Architectures ("As-Is")

(Section II-D)



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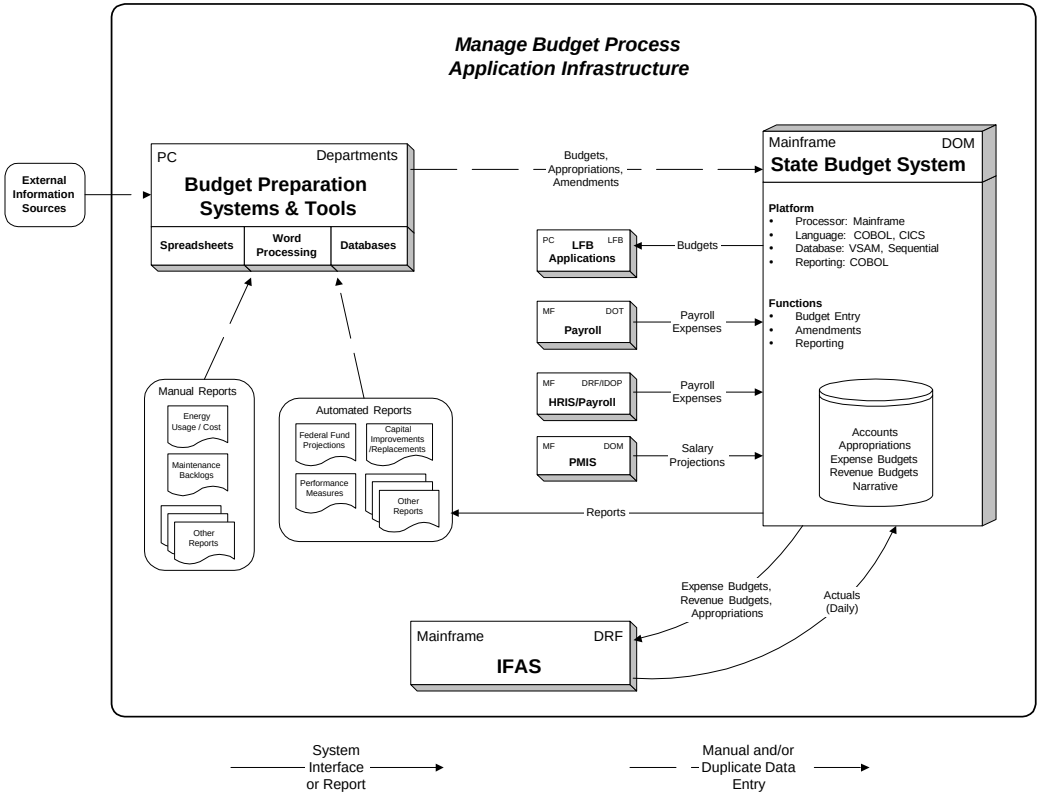
ERP Information and Application Architectures ("As-Is")
(Section II-D)



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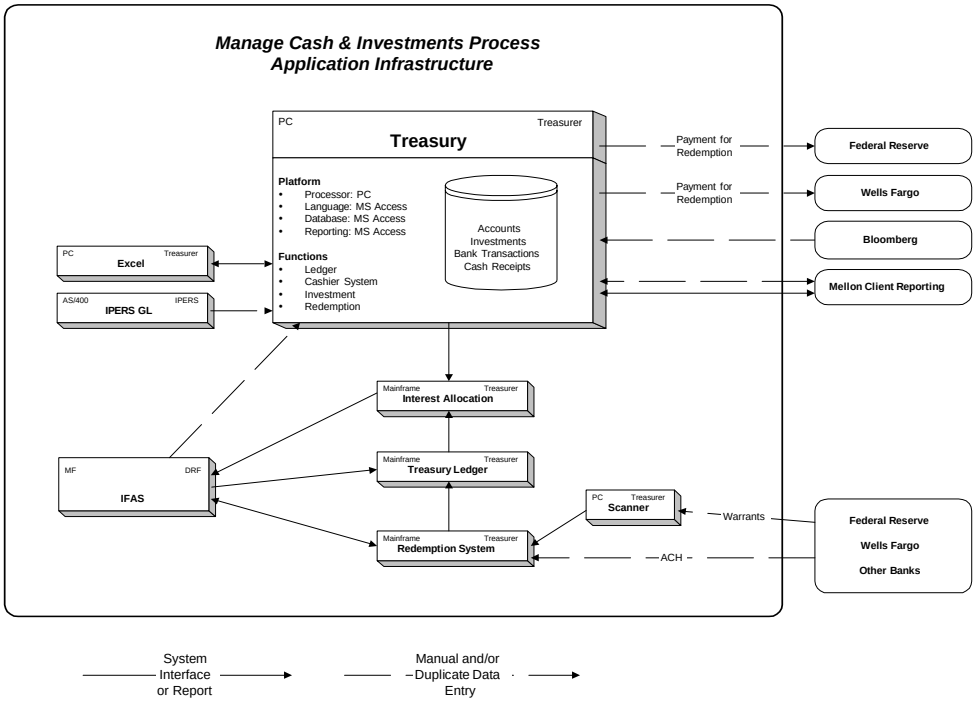
Attachment 5 – Project plan item 3

ERP Information and Application Architectures ("As-Is")
(Section II-D)



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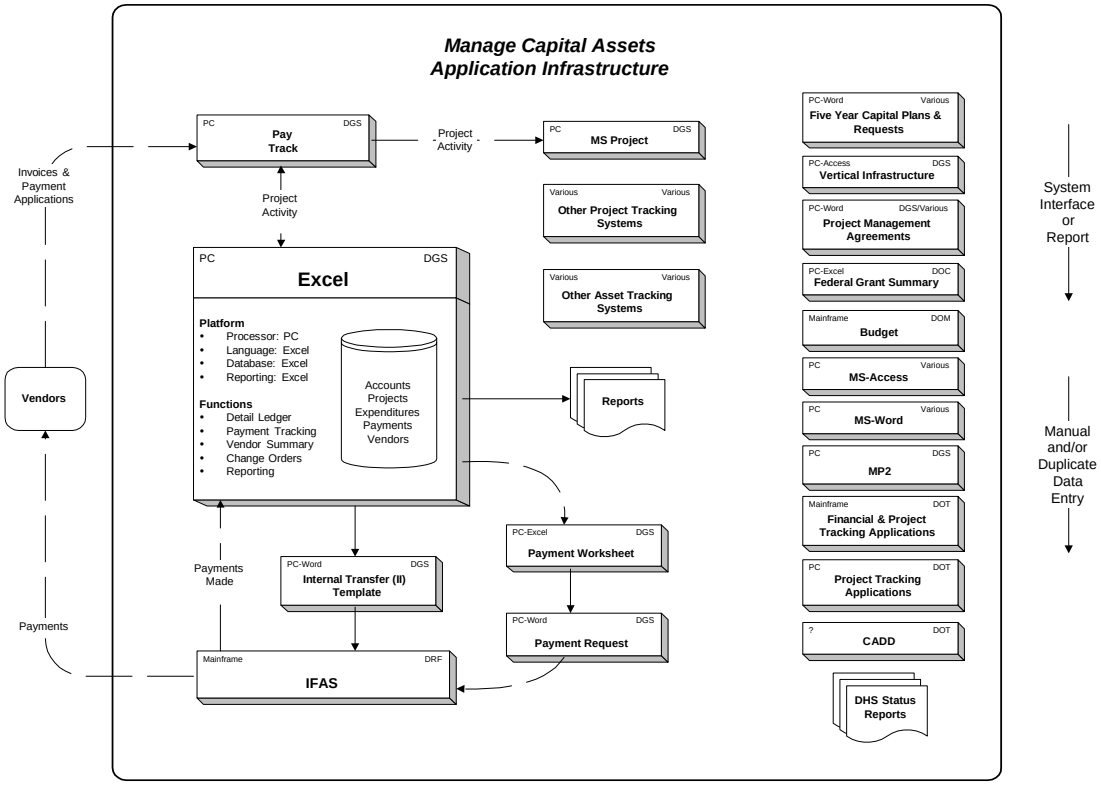
Attachment 5 – Project plan item 3

ERP Information and Application Architectures ("As-Is")
(Section II-D)



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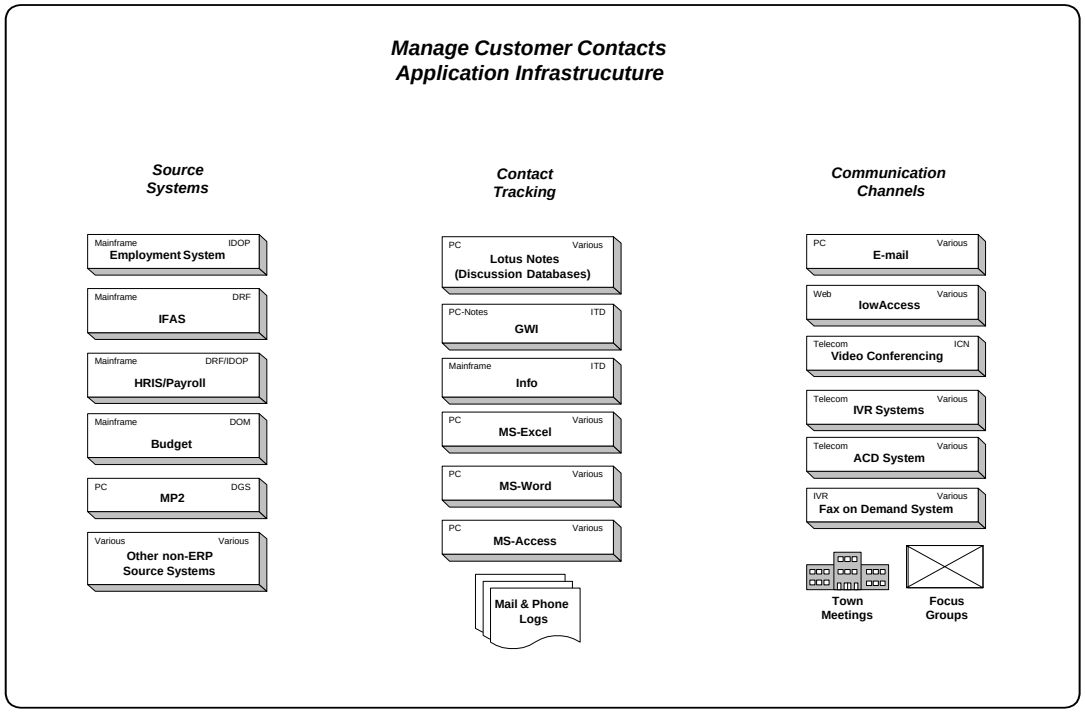
ERP Information and Application Architectures ("As-Is")
(Section II-D)



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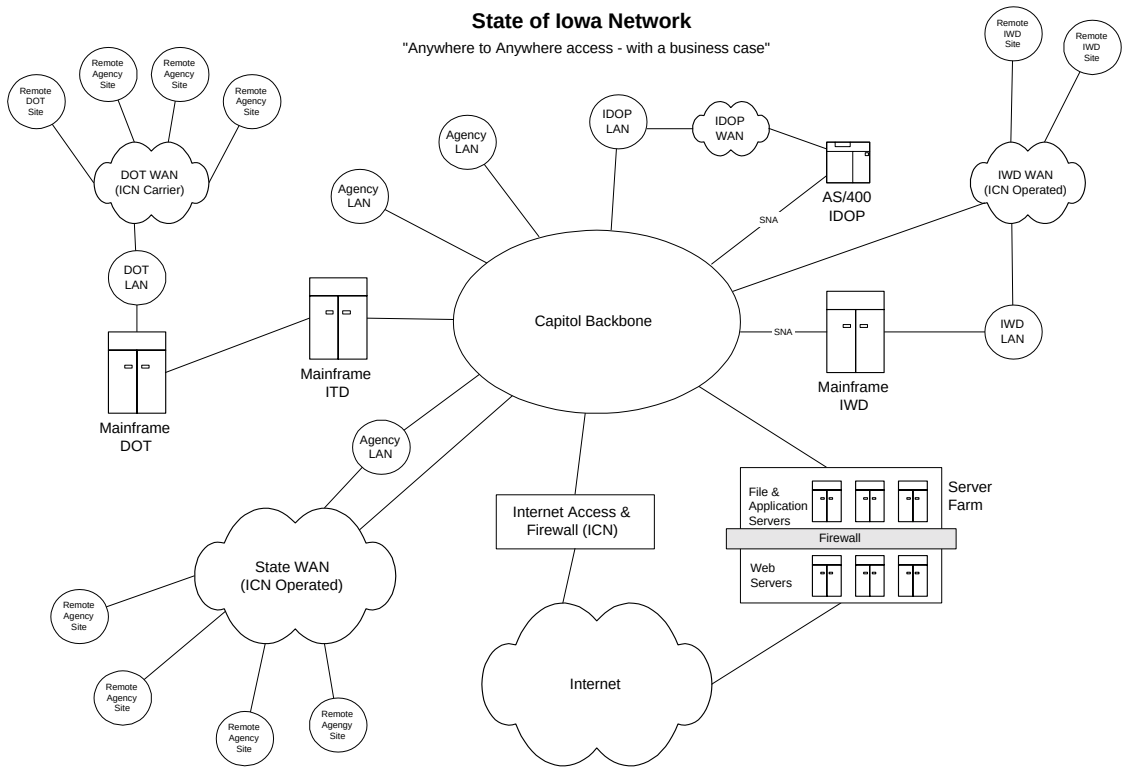
ERP Information and Application Architectures ("As-Is")
(Section II-D)



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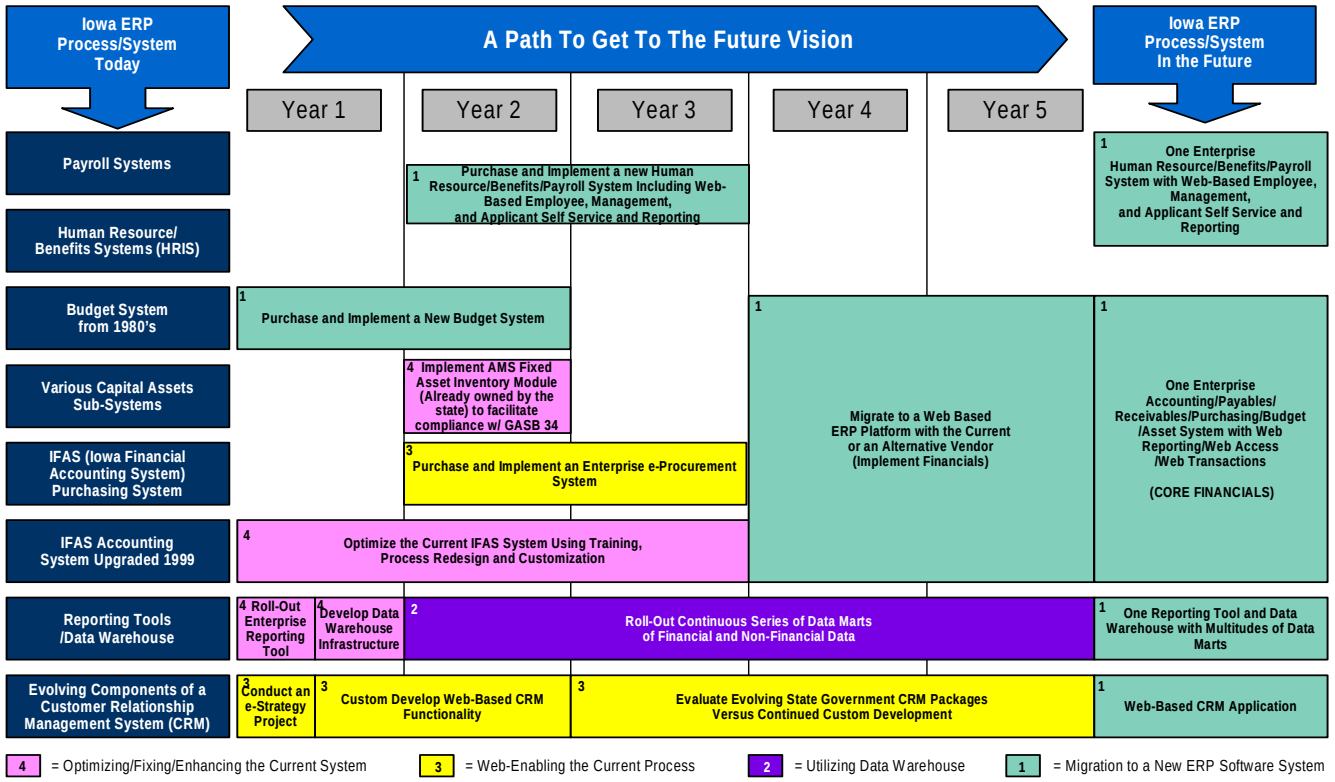
Attachment 6 – Project plan item 4

ERP System Migration Path (Section IV-D)



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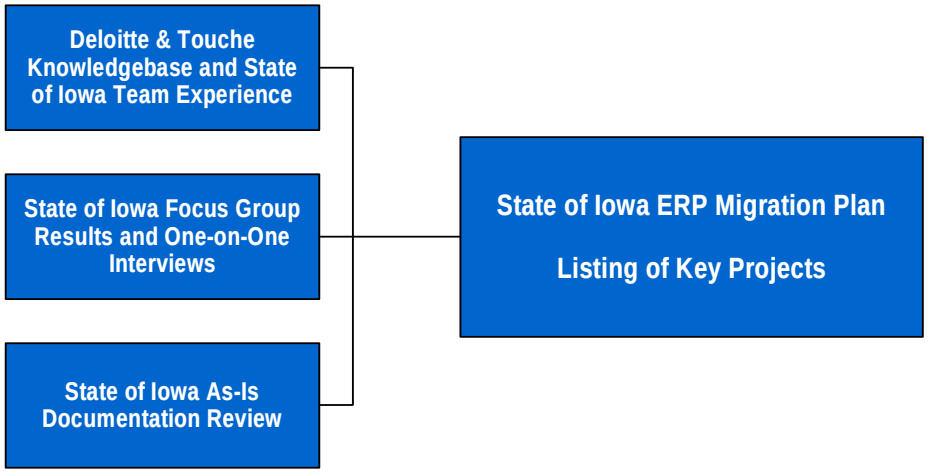
Summary ERP Project Descriptions (Section IV-E)

By conducting focus group sessions, conducting one-on-one interviews and reviewing existing documentation provided by the State of Iowa, Deloitte & Touche has assembled a list of projects that will support the State of Iowa's ERP Migration Plan.



Summary ERP Project Descriptions (Section IV-E)

Each project is classified by process and by time frame and will be prioritized according to the State's chosen ERP Migration Plan:

- **"Quick-win" projects are defined as those that can be easily implemented with no or limited new technology investment and limited change management effort.**
- **"Short term" projects are those that may require small software purchases, build off of existing technology and will likely require a more focused change management effort.**
- **"Long term" projects can be defined as projects that may require significant software purchases, significant new technology, process redesign and/or significant change management efforts.**

The benefits of each of these projects, key action items necessary for implementation and issues and barriers to implementation are included in subsequent sections of this report.

Attachment 6 – Project plan item 4

Summary ERP Project Descriptions (Section IV-E)

Process	Project Name & Responsible Agency	User Requested Improvements Supported by this Project
Manage Human Resources/ Benefits/Payroll	*1. Implement an employee self-service solution. (Long Term) – IDOP/DRF*	■ Implement a single HR/Benefit system across the appropriate agencies. ■ Improve the benefits enrollment processes to reduce paper and incorporate edits. ■ Build the capacity to handle 100% re-enrollment in the various benefits plans. ■ Provide access to electronic pay statements (either on the web or via email). ■ Provide access to on-line leave slips that are integrated with time and attendance. (Quick Win) ■ Provide access to time and attendance information 24 hours a day, 7 days a week. ■ Provide on-line access to "what-if" modeling for salary and benefit information, enabling employees to conduct analysis. ■ Provide employees the ability to change their address, tax information and benefit information on-line.
	2. Implement a single, integrated Human Resources/Benefits/Payroll system across the State. (Long Term) – IDOP for HRIS, DRF for Payroll	■ Make human resources data more easily and widely available. ■ Reduce the amount of redundant data entry. ■ Introduce state-of-the-art technology to improve program efficiency and effectiveness. ■ Implement document imaging and workflow technology (i.e., on-line approvals and notifications) to streamline processes.
	3. Develop a standardized training "path" for the various functions within the State. (Long Term) – IDOP *Other: (all IDOP)* *Develop an interactive, on-line job application (i.e. no downloading and printing required). (Quick Win)* *Automate OSHA compliance reporting. (Short Term)* *Automate unemployment reporting. (Short Term)* *Automate FMLA tracking, reporting and eligibility determination. (Short Term)*	■ Determine minimum levels of "certification" should also be established to make certain that employees are properly trained. ■ Provide on-going training to employees. ■ Deliver training to the desktop whenever possible. ■ Share training expertise across the enterprise. (Quick Win) ■ Conduct skill assessments in order to better focus training efforts.
Manage Budgeting	*4. Implement a new budgeting software package statewide. (Long Term) – DOM*	■ Provide better access to information. ■ Reduce the amount of redundant data entry. ■ Integrate the capital planning process with the formal budgeting process. ■ Rationalize the data collected vs. data that is needed. ■ Review of the overall budget policies and procedures to ensure consistent understanding and application. ■ Integrate performance measures throughout the budget process. ■ Integrate the budgeting software to the appropriate supporting systems. ■ Improve the narrative input feature in the current budgeting software package. ■ Integrate more fully, the job classification information into budgeting, accounting, payroll and human resources. ■ Fully deploy the Department of Management's Salary Model to the appropriate users. (Quick Win)

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Attachment 6 – Project plan item 4

Summary ERP Project Descriptions (Section IV-E)

Process	Project Name	User Requested Improvements Supported by this Project
Manage Capital Assets	*5. Implement a single, integrated fixed asset inventory system for consolidated tracking and reporting. (Short Term) – DGS* ■ *Also implement the Advantage 2000 Project Accounting module to facilitate improved project reporting.*	■ Enhance the ability to track projects that involve multiple contracts, multiple years to complete and/or multiple agencies. ■ Reduce redundant data entry related to tracking of capital assets, paying for capital projects and producing related financial reports. ■ Enhance the ability to measure effective capital assets utilization. ■ Streamline and standardize the manage capital assets process, focusing on the project lifecycle, contracting procedures and review of payment claims. ■ Facilitate compliance with GASB 34.
Manage Purchasing	*6. Implement a centralized e-Procurement solution. (Long Term) - DGS*	■ Develop a method to streamline the bidding/application process for vendors (i.e., standard forms, etc.). Currently, a vendor must apply with each individual purchasing authority (currently eight exist at the State of Iowa) ■ The processes and/or forms may or may not be the same as another purchasing authority. ■ Develop an "e-bay" type site for vendors that includes a complete list of contracts up for bid across all state agencies. The site should also serve as a single point of contact for vendors with questions relating to an application, qualification and/or bid. ■ Allow the use of electronic signature on documents. ■ Enhance the State's ability to maintain vendor information allowing them to track vendor performance data and maintain minimum performance requirements for vendors. ■ Improve purchasing planning (i.e., seasonal ordering). ■ Negotiate "Statewide" contracts for goods and/or services where appropriate to take advantage of quantity discounts and to further leverage relationships with vendors. ■ Reduce redundant data entry in the purchasing system. ■ Streamline and rationalize purchase order document types and transaction flows. (Quick Win) ■ Utilize existing software functionality to track vendor performance information. (Quick Win) ■ Develop a process to streamline and rationalize the use of commodity codes. (Quick Win)

Attachment 6 – Project plan item 4

Summary ERP Project Descriptions (Section IV-E)

Process	Project Name	User Requested Improvements Supported by this Project
Manage Accounting	*7. Leverage existing functionality in the IFAS system (Advantage 2000) and optimize its use in the Manage Accounting Process. (Short Term) - DRF*	■ Streamline the process of tracking expenditure corrections vs. expenditure "reclassifications". (Quick Win) ■ Provide IFAS users with a list of "frequently asked questions". Web-enable this list for easy editing and distribution. (Quick Win) ■ Develop a consistent chart of accounts across the various agency systems. ■ Expand project reporting. ■ Continue applying upgrades to the IFAS system at the same time removing as much custom code as appropriate. ■ Allow users to enter their own travel vouchers on-line. (Quick Win) ■ Evaluate the continued need for various accounting subsystems.
	8. Streamline the warrant writing process. (Short Term) - DRF	■ Use more current technology (i.e., laser printer, safety paper, bar coding) ■ Eliminate unnecessary spending on paper, postage and handling.
	9. Develop an Activity Based Costing Model for key state activities. (Long Term) - DRF	■ Expand project reporting. ■ Recognize true cost of service by recognizing indirect costs.
Manage Revenue and Receivables	*10. Implement a centralized accounts receivable management system. (Long Term) - DRF*	■ Develop a web site that allows someone to see a consolidated view of what they owe, or are owed, and determine points of contact. ■ Improve integration of various billing subsystems. ■ Increase in the number of electronic payments received. ■ Increase the number of characters available (to identify the case) on the warrants. (Quick Win) ■ Promote better coordination of program activities (i.e., decisions to provide funds to someone who may owe a debt to another agency). ■ Develop consistent receivables and collections policies where possible (i.e., legal and administrative definitions of when write-offs are allowed).
	11. Substantially expand the use of the Web for revenue transaction processing (i.e., licensing, tax collection, research requests). (Long Term) – DRF/Treasurer	■ Work with stakeholders to increase the number of electronic payments received. ■ Provide a single point of contact for stakeholders wishing to perform a certain type of transaction. For example, if a citizen needs both a driver's license and a hunting license, they will visit the same initial web site.
Manage Cash and Investments	*12. Implement a process to further encourage the use of automated receipts and disbursements (i.e., payroll, direct deposit, EFT). (Long Term) – DRF/Treasurer*	■ Establish a goal of entirely eliminating both the receipt of checks and the issuing of warrants. ■ Work with stakeholders to increase the number of electronic payments received. ■ Develop a process to help analyze float. ■ Improve cash flow projections.

Summary ERP Project Descriptions (Section IV-E)

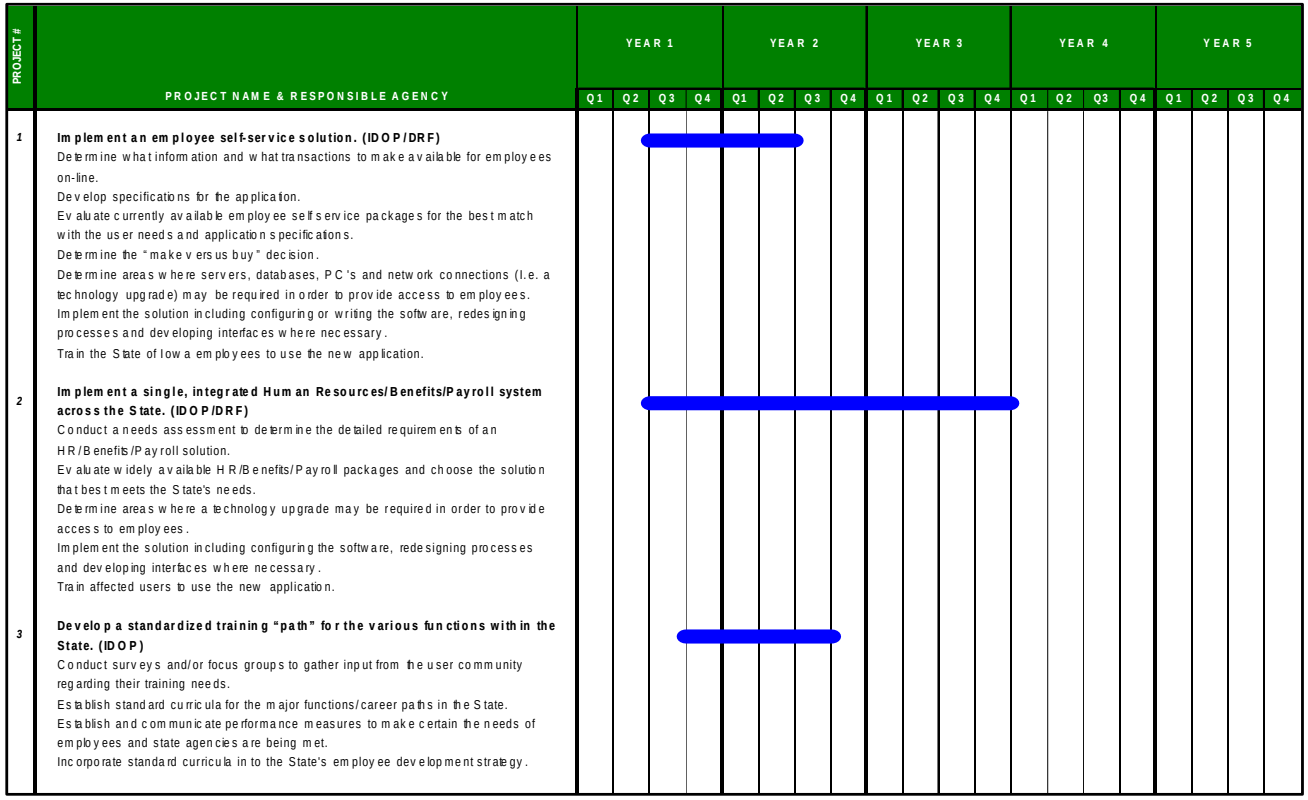
Process	Project Name	User Requested Improvements Supported by this Project
Produce Management Information	*13. Implement an enterprise-wide data warehousing solution. (Long Term) - ITD*	■ Develop standard data dictionary, coding structures and naming conventions across agencies. ■ Reduce the significant stovepipes of information. ■ Perform more exception based reporting (based on business rules and user defined criteria). ■ Develop a process to manage the "lifecycle" of reports and data collection (i.e., who uses and when data/report is updated/retired).
	14. Deploy an ad hoc reporting and analysis tool to the appropriate users. (Short Term) - ITD	■ Provide users the ability to view reports on-line. ■ Improve access to needed information
Manage Information Technology	*15. Establish enterprise information technology standards. (Long Term) - ITD* *Other: (all ITD)* *Conduct post-implementation audit reviews. (Quick Win)* *Conduct ongoing focus groups to facilitate the sharing of knowledge (i.e., regarding report designs and formats, process best practices). (Quick Win)* *Complete the State of Iowa's Disaster Recovery Plan. (Long Term)*	■ Utilize more current technologies. ■ Establish common IT architectures where appropriate. ■ Incorporate changing technologies in to the development and maintenance methodologies. ■ Align IT and user direction.
Manage Customer Contacts	*16. Implement a web-enabled, shared and integrated call tracking system. (Long Term) - ITD*	■ Provide a single point of contact to the State's stakeholders (i.e., citizens, vendors, employees) ■ Provide stakeholders a method to view the status of their request. ■ Provide a tool that allows state agencies to gather feedback and conduct analysis
	17. Implement a web-based customer contact self-service application. (Long Term) - ITD	■ Provide stakeholders with access to appropriate State government services 24 hours a day, 7 days a week. ■ Allow for more government business to be conducted on-line.
	18. Develop an enterprise wide "e-Strategy." (Short Term) - ITD *Other:* *Conduct ongoing focus groups with citizens to facilitate improved communication. (Quick Win) - ITD*	■ Allow for more state business to be conducted on-line. ■ Consolidate individual agency web initiatives in to a single enterprise initiative.
Financial Processes	*19. Implement an enterprise wide financial system (Long Term) – DRF/DOM/DGS*	■ Conduct a needs assessment to determine the detailed requirements of an enterprise financial system. ■ Evaluate commercially available packages and choose the solution that best meets the State's needs. ■ Determine areas where a technology upgrade may be required in order to provide access to employees. ■ Implement the solution including configuring the software, redesigning processes and developing interfaces where necessary. ■ Train affected users to use the new application.

Attachment 6 – Project plan item 4

Summary ERP Project Descriptions (Section IV-E)

Project Name	
Other Improvement Opportunities (drawn from focus group sessions):	*"Short Term" — Challenge existing exemptions to standard processes (some are statutory exemptions others are administrative).* *"Short Term" — Revisit audit requirements. Some processes were designed around audit requirements that haven't been revised for quite some time (i.e., multiple levels of approval, review of medical claims).*

ERP Implementation Plan — Key Action Items (Section IV-I)



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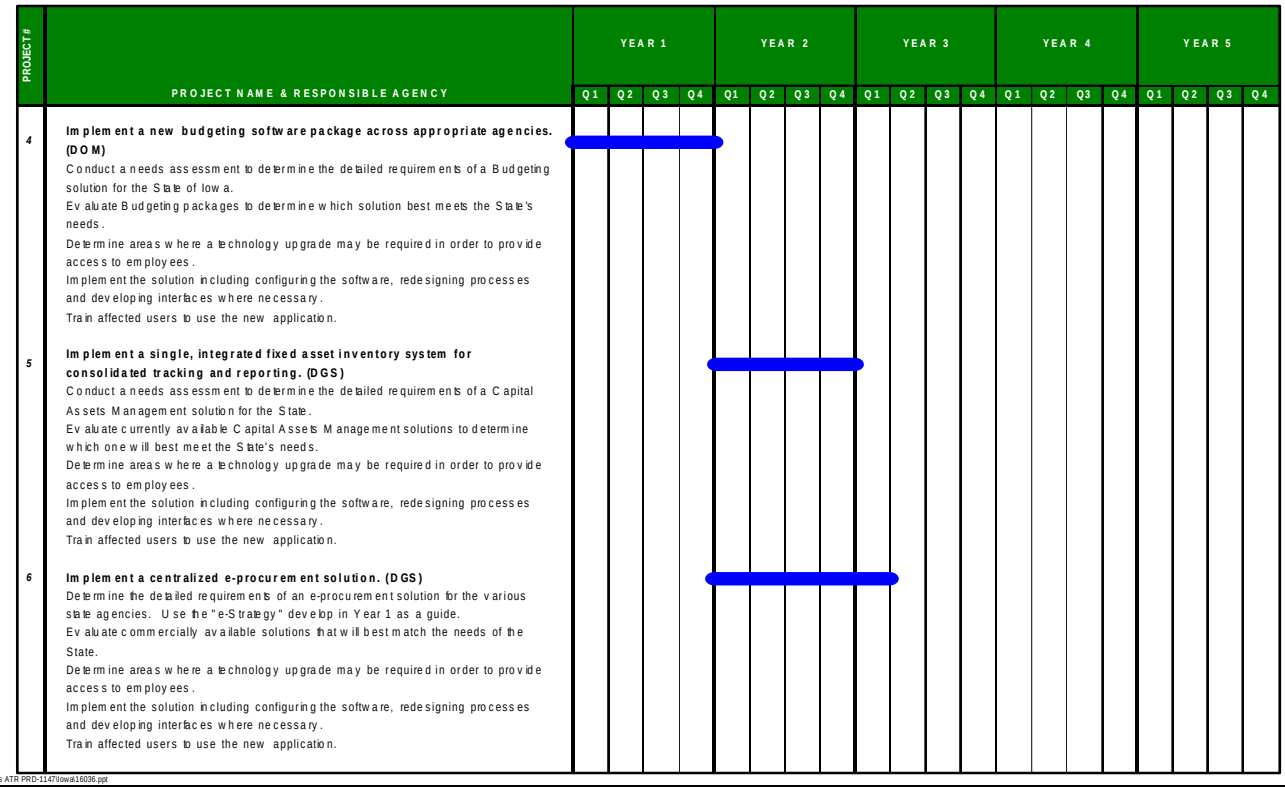
ERP Implementation Plan — Key Action Items (Section IV-I)



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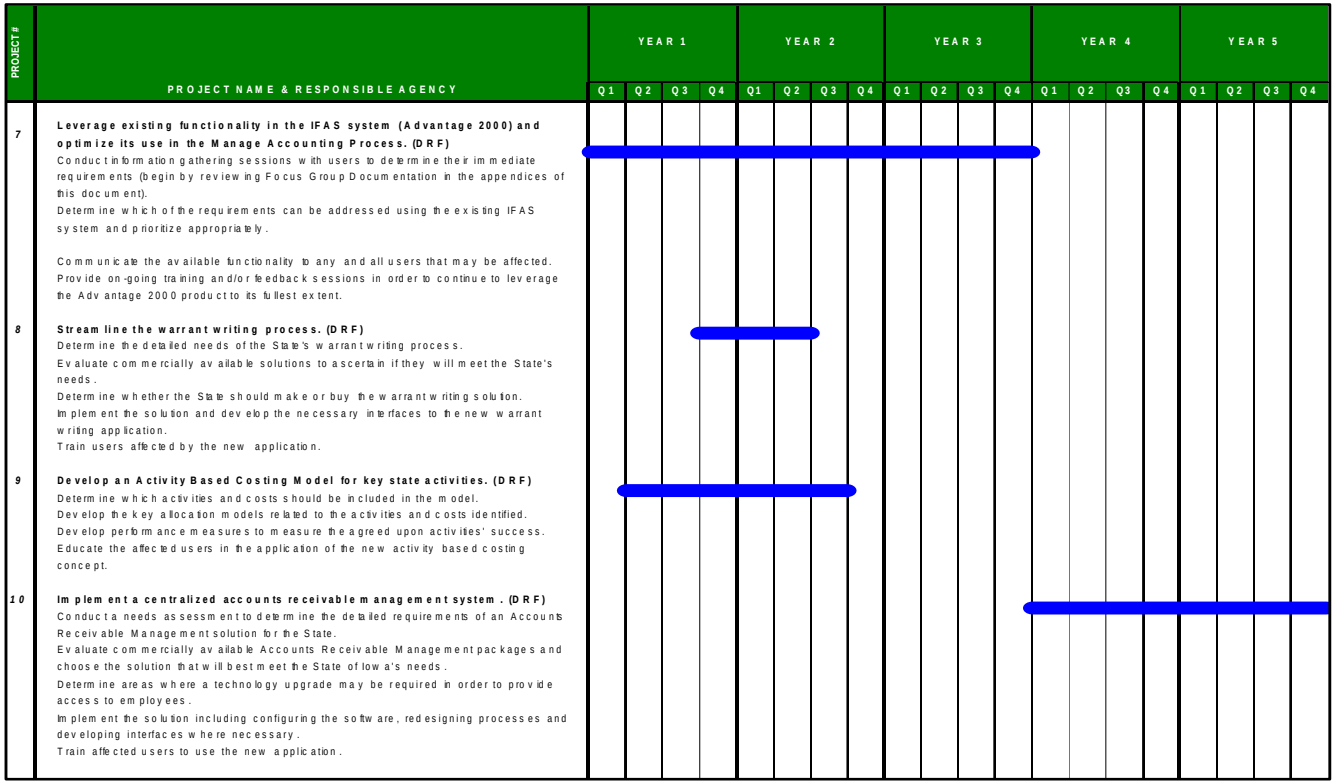
ERP Implementation Plan — Key Action Items (Section IV-I)



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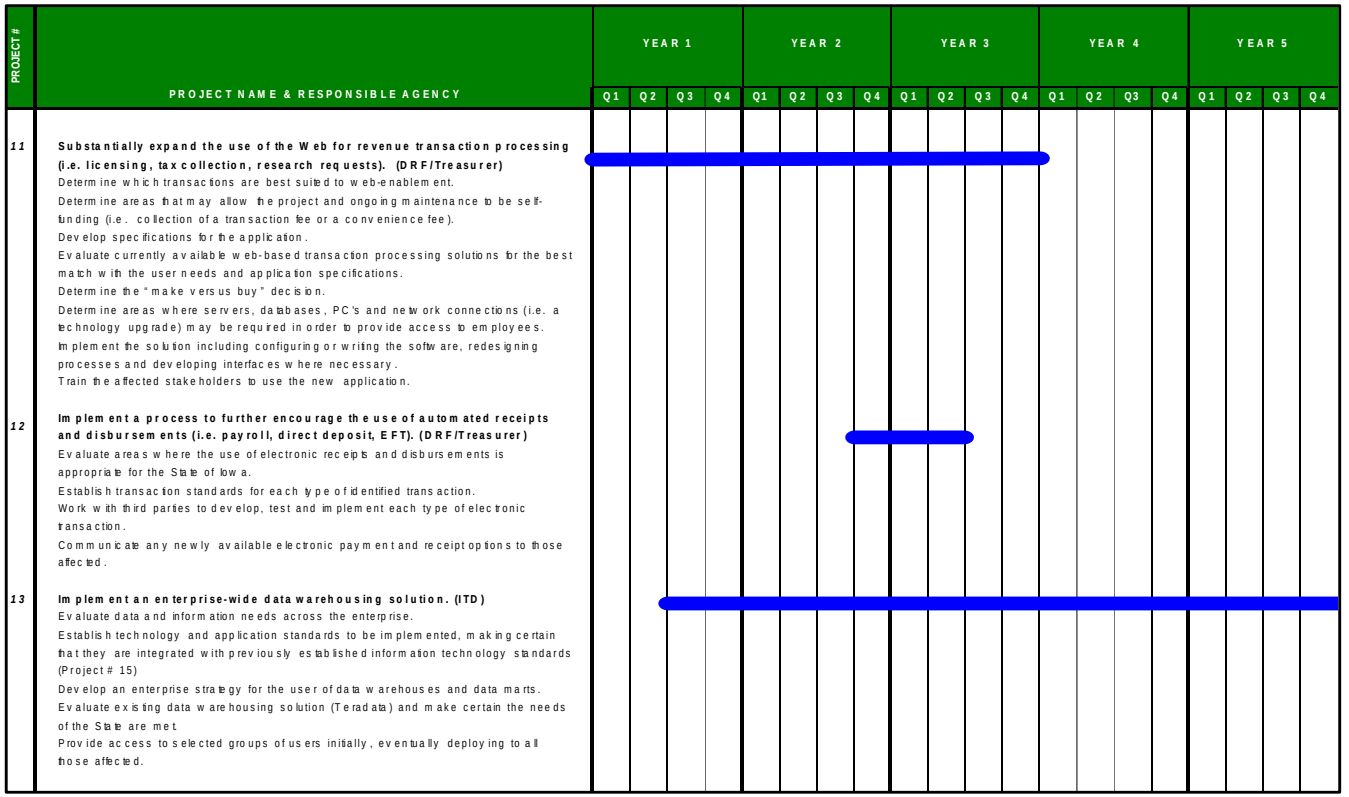
ERP Implementation Plan — Key Action Items (Section IV-I)



PROJECT #	PROJECT NAME & RESPONSIBLE AGENCY	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
11	**Substantially expand the use of the Web for revenue transaction processing (i.e. licensing, tax collection, research requests). (DRF/Treasurer)** Determine which transactions are best suited to web-enablement. Determine areas that may allow the project and ongoing maintenance to be self-funding (i.e. collection of a transaction fee or a convenience fee). Develop specifications for the application. Evaluate currently available web-based transaction processing solutions for the best match with the user needs and application specifications. Determine the "make versus buy" decision. Determine areas where servers, databases, PC's and network connections (i.e. a technology upgrade) may be required in order to provide access to employees. Implement the solution including configuring or writing the software, redesigning processes and developing interfaces where necessary. Train the affected stakeholders to use the new application.																				
12	**Implement a process to further encourage the use of automated receipts and disbursements (i.e. payroll, direct deposit, EFT). (DRF/Treasurer)** Evaluate areas where the use of electronic receipts and disbursements is appropriate for the State of Iowa. Establish transaction standards for each type of identified transaction. Work with third parties to develop, test and implement each type of electronic transaction. Communicate any newly available electronic payment and receipt options to those affected.																				
13	**Implement an enterprise-wide data warehousing solution. (ITD)** Evaluate data and information needs across the enterprise. Establish technology and application standards to be implemented, making certain that they are integrated with previously established information technology standards (Project # 15) Develop an enterprise strategy for the user of data warehouses and data marts. Evaluate existing data warehousing solution (Teradata) and make certain the needs of the State are met. Provide access to selected groups of users initially, eventually deploying to all those affected.																				

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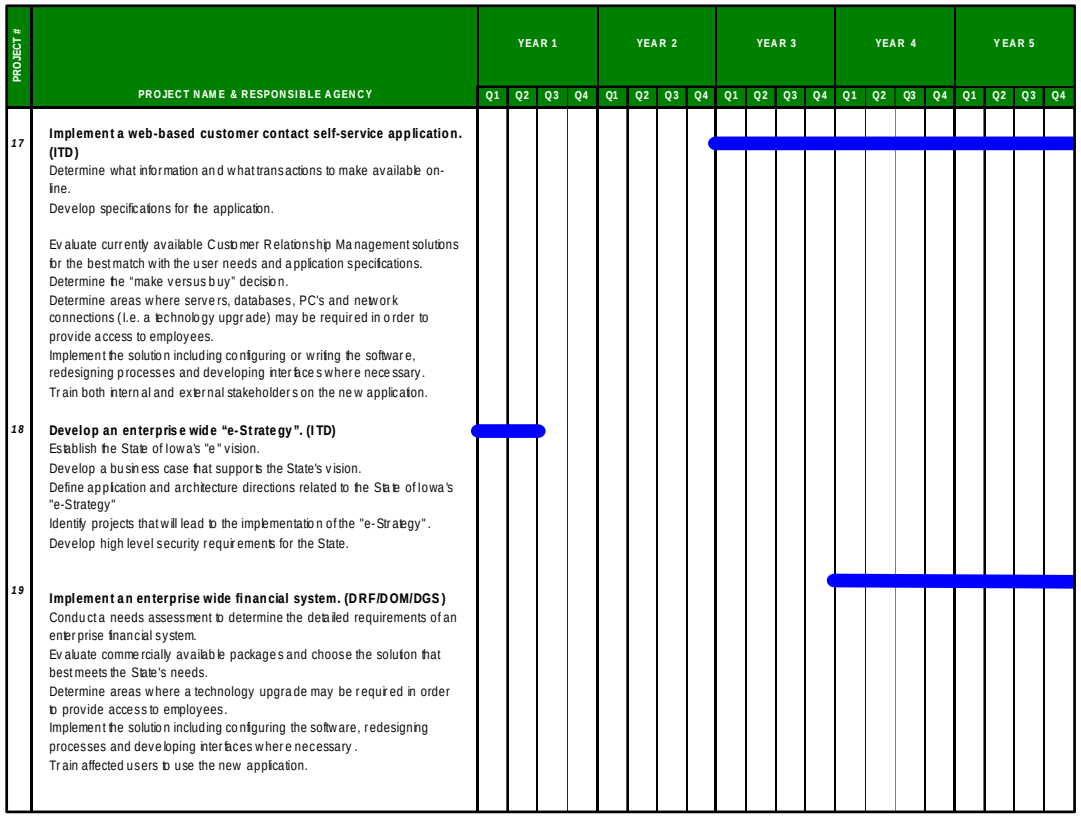
ERP Implementation Plan — Key Action Items (Section IV-I)

PROJECT #	PROJECT NAME & RESPONSIBLE AGENCY	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
14	**Deploy an ad hoc reporting and analysis tool to the appropriate users. (ITD)** Determine the reporting needs of each agency and of the enterprise. Develop standards for creating ad hoc reports. Integrate the previously chosen package (Business Objects), making certain that the package selected is compatible with the data ware housing solution. Determine areas where a technology upgrade may be required in order to provide access to employees. Configure and deploy the chosen tool to affected users. The suggestion is to deploy in phases. Train users of the newly deployed reporting tool.																				
15	**Establish enterprise information technology standards. (ITD)** Determine server, database, network and PC requirements of the enterprise. Establish standards for both technology and applications (i.e. MS Office versions, email clients) Communicate the new standards to affected parties. Develop a plan to phase out "non-standard" technologies and applications that exist today and will "crop up" in the future. Develop a plan/tool to track compliance with the new standards.																				
16	**Implement a web-enabled, shared and integrated call tracking system. (ITD)** Determine the needs of the various state agencies regarding a call tracking application. Establish standards for information gathered and shared utilizing the call tracking system. Evaluate commercially available packages and determine which will best meet the needs of the State of Iowa. Determine areas where a technology upgrade may be required in order to provide access to employees. Implement the solution including configuring the software, redesigning processes and developing interfaces where necessary. Train users affected by the new application. Communicate to stakeholders the process improvements implemented.																				

Attachment 6 – Project plan item 4

ERP Implementation Plan — Key Action Items (Section IV-I)



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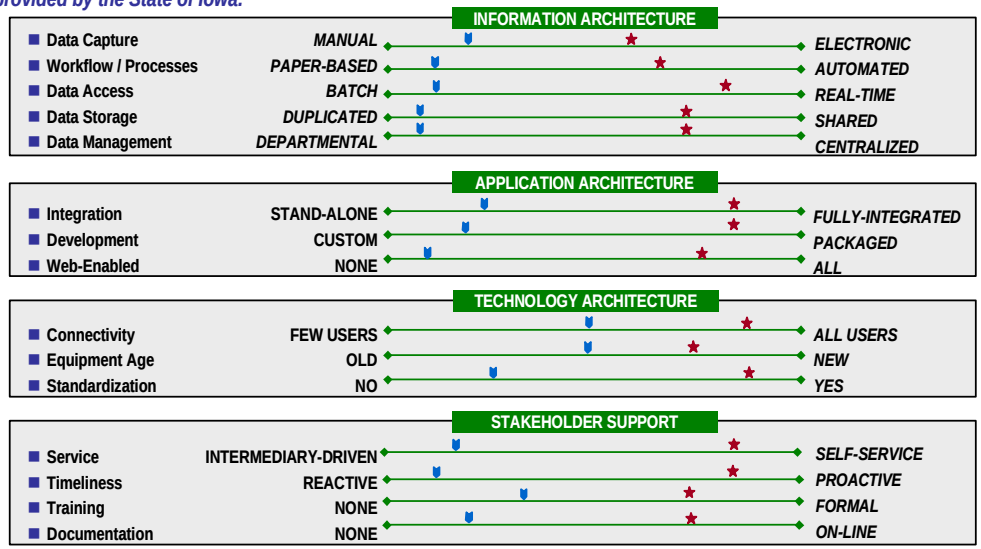
ERP Migration Initiative (Section I)

For ERP processes, where is Iowa today versus where it would like to be?

The following chart illustrates the gaps between the State's existing use of ERP and related technology ("as-is") and the State's vision and strategies for using ERP and related technology in the future ("to-be"). The purpose is to depict approximately where the State exists today in relation to where they would like to be tomorrow (in the context of ERP systems and their related technologies). For further explanation of each of the points shown below, please refer to the slides on the next three pages.

Information below is based on Deloitte & Touche's observations during the focus groups, one-on-one interviews and from review of existing documentation provided by the State of Iowa.



= Current ("*as-is*") position
= Target ("*to-be*") position

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ERP Migration Initiative (Section I) – Gap Analysis Supplement

Gap Component	As-Is Indicator Meaning	Based On	To-Be Indicator Meaning	Based On
Data Capture	Substantial amounts of data are captured on paper forms and then must be keyed in to a system or systems.	Focus Group feedback (Section V-A), As-Is Architecture information (Section II-D)	Information should be captured using an on-line application and should not have to be rekeyed in to multiple systems.	Focus Group feedback, To-Be Architecture information (Section III-C), State and Local Government best practices
Workflow	Processes are paper intensive, manual, many times nonstandard between agencies and sometimes based upon guidelines that have not been revised for several years.	Focus Group feedback	Processes could be made more efficient by redesigning, streamlining and standardizing workflow.	Focus Group feedback, State and Local Government best practices
Data Access	Some data used to make business decisions is not available "real time". Often users must wait until just before decision due dates before they will have access to needed data to make decisions and/or complete processes and in some cases cannot access the information at all.	Focus Group feedback, As-Is Architecture information	Move toward the use of fewer overnight batch jobs/greater integration allowing users to have access to most data "real time" and provide the users reporting tools to easily access the information needed for decision making.	Focus Group feedback, To-Be Architecture information, State and Local Government best practices
Data Storage	Large amounts of data are being stored by individual agencies in their own databases following separate data definitions and standards. There are also several individual data warehouse projects being undertaken with little integration among agencies efforts	Focus Group feedback, As-Is Architecture information	A move toward greater data integration, standardization and consolidation across the state will allow for more consistent, accurate and streamlined reporting and data gathering.	Focus Group feedback, To-Be Architecture information
Data Management	Much of the data gathered is managed by individual departments (i.e. Department of General Services, Department of Revenue and Finance) resulting in duplicative information.	Focus Group feedback, As-Is Architecture	A move toward an ERP solution and subsequent data warehousing projects will facilitate more centralized data management, more consistent data definitions and more timely decision making.	Focus Group feedback, To-Be Architecture information, State and Local Government best practices

ERP Migration Initiative (Section I) – Gap Analysis Supplement

Gap Component	As-Is Indicator Meaning	Based On	To-Be Indicator Meaning	Based On
Integration	A number of the ERP component systems are either not integrated today at all or have been integrated by writing custom interfaces to facilitate data sharing.	Focus Group feedback, As-Is Architecture	Greater system integration would eliminate much of the redundant work that is being performed in various state agencies.	Focus Group feedback, To-Be Architecture information, State and Local Government best practices
Development	Many of the applications in use in the State have been custom developed.	Focus Group feedback, As-Is Architecture	There is a desire to move towards utilizing more commercial, off-the-shelf software in order to take advantage of industry best practices built into those packages today and in the future through their R&D efforts which should then reduce overall application maintenance costs.	Focus Group feedback
Web-enabled	Few applications are web-enabled today.	Focus Group feedback, As-Is Architecture	There is a desire to further web-enable certain applications in order to make processes more efficient.	Focus Group feedback, To-Be Architecture information, State and Local Government best practices
Connectivity	There are users in the State that are not able to use certain applications due to network connectivity issues (i.e. they aren't connected at all or they don't have a fast enough connection).	Focus Group feedback, As-Is Architecture	The move toward an ERP environment and Customer Relationship Management Applications will require connectivity for all affected users.	Focus Group feedback, To-Be Architecture information, State and Local Government best practices

ERP Migration Initiative (Section I) – Gap Analysis Supplement

Gap Component	As-Is Indicator Meaning	Based On	To-Be Indicator Meaning	Based On
Equipment Age	Some state agencies do not currently utilize PC's or are utilizing old PC's, Older Printers are being utilized which, in some cases, no longer have parts available. Main applications are run largely on older mainframes.	Focus Group feedback, As-Is Architecture	The desire to move toward an ERP environment and to implement related technologies will require equipment in some state agencies to be updated accordingly.	Focus Group feedback, To-Be Architecture information
Standardization	There is little standardization in terms of applications and hardware used in the various state agencies.	Focus Group feedback	Information sharing could be greatly enhanced with the implementation of information technology standards statewide.	Focus Group feedback
Service	Many services provided by the State require contact with a state agency employee to initiate a request and/or transaction.	Focus Group feedback	There is a desire to move toward a self-service environment for both internal and external customer requests and transactions.	Focus Group feedback, State and Local Government Best Practices
Timeliness	Employees feel that they spend most of their time reacting to requests for service.	Focus Group feedback	State agencies would like to become more proactive in providing services to stakeholders.	Focus Group feedback, State and Local Government Best Practices
Training	Training sessions provided to new employees often do not cover technology and process topics in enough detail to maximize the investments made in technology and subsequent focused "advanced" training is not heavily utilized.	Focus Group feedback	A move toward an ERP environment and even in the applications staying in the current environment for the short term will require a highly focused training effort to maximize the technology investment.	Focus Group feedback, State and Local Government Best Practices
Documentation	There is little process specific application documentation provided to users in the various state agencies.	Focus Group feedback	There is a desire to develop additional relevant user documentation for new applications and improved processes for existing applications.	Focus Group feedback, State and Local Government Best Practices

ERP Migration Initiative (Section I)

Why migrate to the ERP environment?

The implementation of the aforementioned projects will result in a number of anticipated benefits. Those benefits typically take hold about six months after the project implementation timeline (indicated on the ERP Migration Path slide). Those anticipated benefits include, but are not limited to, the following:

- Improved allocation of resources (time, dollars, and people)
- Improved stakeholder (internal and external) satisfaction
- Improved sharing of information and knowledge across the enterprise
- Improved responsiveness to technological change
- Enhanced communication with internal and external stakeholders
- Increased time for information analysis vs. information generation
- Improved data accuracy and consistency
- Reduced response time for information requests
- Improved State image
- Improved asset management
- Decreased postage, paper and handling costs
- Enhanced reporting capabilities
- Improved employee productivity, job satisfaction and retention
- Decreased complexity of system interfaces
- Possible opportunity for self-funding and/or revenue generation
- Simplified compliance with legislative and federal mandates
- Reduction in the number of "islands of information" being maintained by the various state agencies
- Improved planning for future needs
- Improved project cost reporting
- Improved employee development
- More consistent processes across state agencies
- Improved monitoring of program performance
- More efficient use of taxpayer dollars
- Improved vendor relationships

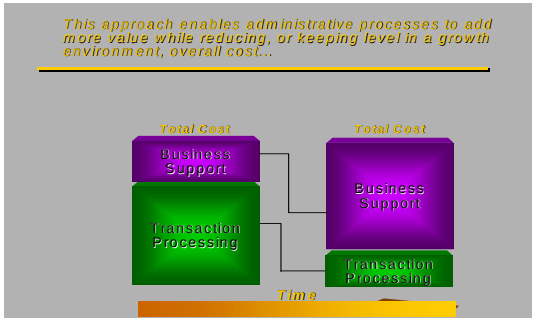
ERP Migration Initiative (Section I)

Why migrate to the ERP environment?

The implementation of the aforementioned projects will result in a number of anticipated benefits. Those benefits typically take hold about six months after the project implementation timeline (indicated on the ERP Migration Path slide). Those anticipated benefits include, but are not limited to, the following:

- **E-Procurement systems allow for reduction of paper flow such that time can be redirected from paper processing to negotiating and monitoring performance on contracts resulting in improved quality of vendor service and lower item costs.**
  Additionally, streamlining of the purchase requisition and order process typically leads to reduced order turn around time (easier to place the order and quicker to receiving the end goods or services).
  Our experience indicates that organizations with a similar profile of the State of Iowa typically realize a 15% annual reduction in purchase costs of maintenance, repair and operating supplies (MRO) from e-procurement system initiatives. Assuming $100 million is spent annually in the State of Iowa, this translates in to a potential annual savings of $15 million.

- **Our experience indicates that organizations with a similar profile of the State of Iowa typically can achieve a 1% reduction in the total personnel hours due to the streamlining of transaction processing and standardization of systems. These changes result in a potential savings of the equivalent of 200 FTE's or $10,000,000 annually. This savings can then be either reallocated to activities focusing more on analysis, decision support and customer service (as shown below) or result in a reduction of personnel through attrition that is typically fully achieved after year 5 on the ERP migration path:**



Attachment 8 – Cost Breakdown by Year

Estimated ERP Investments by Year (Section IV-G)

Costs by Year

Project	1	2	3	4	5	Total
Purchase & Implement HRIS		$4,800,000	$1,800,000			$6,600,000
Purchase & Implement Budgeting System	$3,200,000	$1,200,000				$4,400,000
Implement Fixed Asset Inventory Module		$200,000				$200,000
Purchase & Implement E-Procurement	$4,800,000	$1,800,000				$6,600,000
Optimize IFAS/Processes	$900,000	$900,000	$900,000			$2,700,000
Implement Financials				$9,600,000	$3,600,000	$13,200,000
Roll-out Enterprise Reporting Tool	$630,000					$630,000
Build Datawarehouse Infrastructure		$1,280,000	$480,000			$1,760,000
Develop Datamarts		$300,000	$300,000	$300,000		$900,000
Define e-Business Strategy						
Develop CRM Capabilities			$1,125,000	$750,000	$1,125,000	$3,000,000
Total	**$9,530,000**	**$10,480,000**	**$4,605,000**	**$10,650,000**	**$4,725,000**	**$39,990,000**